



CITY OF DURHAM | NORTH CAROLINA

Date: March 29, 2011

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mike Barros, Director
Department of Community Development
Subject: Holding a Public Hearing to Receive Citizen Comments
on the Draft FY 11-12 Annual Action Plan

Executive Summary

The Citizen Participation Plan contained in the adopted 2010-2015 Consolidated Plan requires that two (2) public hearings be held prior to the submission of the Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD). The purpose of the first public hearing is to receive citizen comments on housing and community development needs and that public hearing was held on January 18, 2011. The purpose of the second public hearing is to receive citizen comments on the City's Draft Annual Action Plan, which specifies the allocation of Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG), and General Funds.

Recommendation

The Department of Community Development (DCD) recommends that the City Council hold a public hearing on April 18, 2011 to receive citizen comments on the Draft FY 2011-2012 Annual Action Plan for the use of CDBG, HOME, ESG and General funds.

Background

As an entitlement city, Durham has been the recipient of CDBG funds since 1975 and HOME Consortium funds since 1992. CDBG funds have primarily been used for housing activities, public services, code enforcement, public infrastructure, and administration. HOME Consortium funds have been used for affordable housing activities as required by HOME program regulations. Currently, the

Consortium does not qualify as a HOME participating jurisdiction and cannot receive a FY 11-12 HOME allocation. For FY 11-12 only the City will be eligible to receive a HOME allocation. The City has also been a recipient of Emergency Shelter Grant (ESG) funds from HUD, which have been used to provide assistance to individuals and households who are homeless or at risk of becoming homeless.

The Annual Action Plan is Durham's application to HUD for the upcoming fiscal year's funding and outlines the actions Durham is taking with HUD-awarded funds to meet the goals as described in the 2010-2015 Five Year Consolidated Plan. HUD regulations require that the City submit the Council-approved Annual Action Plan by May 15th. It is DCD's intent to request that Council approve the Annual Action Plan at the City Council meeting on May 2, 2011.

Issues/Analysis

The adopted Citizen Participation Plan requires that at least a 10-day notice be given to the public concerning the scheduling of an Annual Action Plan public hearing. In order to inform citizens of the upcoming public hearing, notices will be published in the *Herald-Sun* and the *Carolina Times*.

Both CDBG and HOME funds are used to support ongoing homeownership, housing rehabilitation/repair, code enforcement and other initiatives administered by DCD and the Department of Neighborhood Improvement Services. The balance of that funding and the ESG funding received are allocated through a competitive application process. An advertised application workshop was held on December 14, 2010 with an initial submission date of January 27, 2011. As a result of input received at the January 18, 2011 Needs Public Hearing, the submission date was extended until February 25, 2011.

All applications for CDBG, HOME, ESG and General funding were evaluated by Community Development project managers based on the established review criteria delineated in the respective application guidelines. Project managers then presented their individual evaluations concerning the strengths and weaknesses of the applications to an internal Departmental panel consisting of the Assistant Director for Production and project managers.

A recommended budget was then presented to the Director of Community Development and will be subsequently forwarded to the City Manager. The funding recommendations for the three HUD entitlement programs and General Funds were also presented to the Citizens Advisory Committee (CAC) and discussed at their March 28,

2011 meeting. The CAC will review DCD's recommendations and will provide comments to the Department prior to the April 18, 2011 Public Hearing.

Alternatives

In order to receive CDBG, HOME and ESG funds and remain in compliance with federal regulations, the participating jurisdiction must hold two public hearings prior to the submission of its Annual Action Plan to HUD. The only flexibility that the City has is in determining the dates for the public hearings. Failure to hold the public hearings and to subsequently approve the Annual Action Plan by May 15th could result in HUD issuing a finding of non-compliance. A summary chart of the Department's funding recommendations is provided as Attachment A.

Financial Impact

HUD has not yet notified the City of final entitlement amounts for the 2011-2012 fiscal year. Based on the 2010-2011 HUD formula allocations, with approximate reductions of 7.5% to CDBG and 9.0% to HOME, respectively, the City expects to receive the following entitlement amounts – CDBG: \$1,947,053, HOME: \$1,238,703, and ESG: \$84,200.

The City will be required to provide a 25% match (non-federal funds) to the total amount of HOME funds used directly for affordable housing activities during FY 2011-2012. Housing bond program income is the primary source of the required match. Currently, the City has sufficient "carryover" match from prior fiscal years to meet this requirement.

SDBE Summary

Not applicable to this item.